



Global Opportunity Index 2022: Focus on Emerging Southeast Asia

Research Brief

Attracted by the region's sound economic frameworks, strategic location, and fast-growing domestic markets, foreign capital has played a crucial role in promoting growth and development within emerging Southeast Asia.

But despite this successful record, the region's attractiveness to international investors should not be taken for granted. Policymakers in emerging Southeast Asia must identify new areas of opportunity and undertake the appropriate policy reforms, thereby mitigating risks that could negatively affect foreign investors' confidence in the region.

In this report, we use the 2022 Global Opportunity Index and its various categories to examine the attractiveness of emerging Southeast Asia as a foreign investment destination—especially when compared to other emerging markets and developing economies (EMDE).

The Global Opportunity Index offers a broad outlook of a country's investment landscape using 100 variables organized into five broad categories: Business Perception, Financial Services, International Standards & Policy, Economic Fundamentals, and Institutional Framework. The annual index is designed to help businesses make investment decisions and governments identify policies geared towards attracting foreign capital.



For questions or comments, please email us at research@milkeninstitute.org.

To view the full report, visit <https://milkeninstitute.org/report/global-opportunity-index-2022-southeast-asia>.



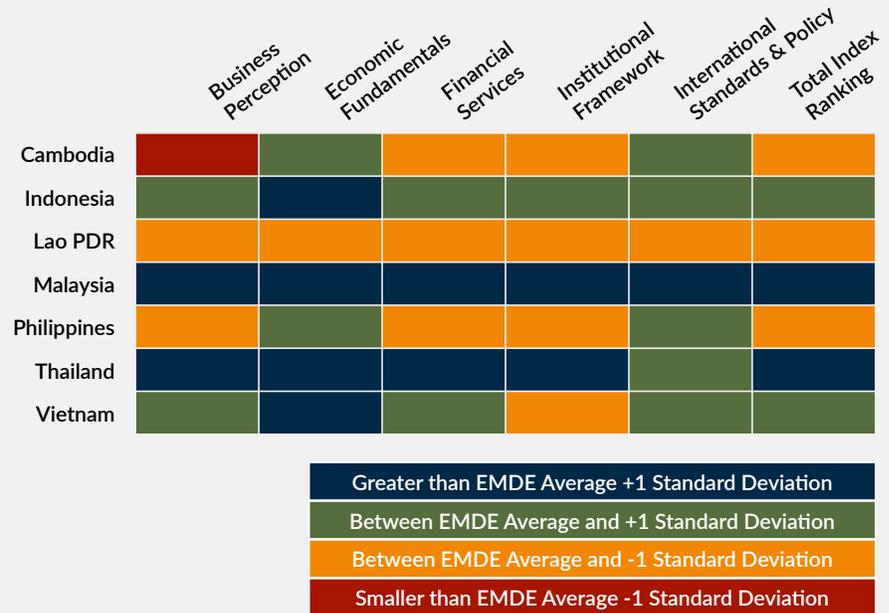
WHAT DO WE FIND?

When it comes to attracting foreign investors, emerging Southeast Asia compares well with other emerging markets and developing economies in two crucial areas:

- **Economic Fundamentals**—especially **Economic Performance**, which accounts for a country's macroeconomic outlook, and **Workforce Talent**, which captures the quality and diversity of the labor force.
- **International Standards & Policy**—most notably **Economic Openness**, which measures a country's integration with the global economy.

However, the region underperforms in **Institutional Frameworks**—especially in **Transparency**—and has a mixed performance in **Business Perception** and **Financial Services**—scoring slightly better than its peers but showing significant differences among the region's economies (see Figure 1).

Figure 1. Emerging Southeast Asian Countries versus EMDE Benchmark



Note: Values are compared against the mean value of the 84 countries included in the EMDE benchmark group.

Source: Milken Institute (2022)

POLICY IMPLICATIONS

Our research identifies three policies that will help emerging Southeast Asia remain competitive against other regions:

1. **Better Institutional Frameworks.** Most governments in emerging Southeast Asia must take action to strengthen their institutional frameworks—particularly as they relate to corporate and government transparency.
2. **Deeper Regional Integration.** As emerging Southeast Asia becomes more fully integrated, foreign investors will be able to better coordinate production processes within the region and take advantage of each country's unique resources and opportunities.
3. **Maximize Social Impact.** Governments must leverage global capital flows to advance the region's development agenda, thereby delivering inclusive and sustainable growth across all segments of the population.